

**WATER
UTILITY ANNUAL REPORT**
(Class "A" and "B" Companies)
OF

Kiawah Island Utility, Inc.

Exact Legal Name of Respondent

PSC/ORS Number (leave blank)

FOR THE YEAR ENDED 2019

☒ Calendar Year Ending December 31, 2019

or

☐ Fiscal Year Ending _____



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GENERAL INSTRUCTIONS

1. All water utilities are required by state law to complete and file this annual report. On or before April 1, 2020, one electronic copy of this report should be submitted to the S.C. Public Service Commission email address AnnualReports@psc.sc.gov. In addition, one electronic copy should be retained by the Company. Filing this electronic copy with the S.C. Public Service Commission will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations.
2. Forms are available in PDF fillable format on the Office of Regulatory Staff web sit at www.ors.sc.gov.
3. Respond to each item using "0", "none", or "not applicable" as appropriate.
4. Requests for extension must be in writing to the Office of Regulatory Staff. Extension request postmaked after April 1, 2020 will be denied.
5. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in S.C. Code Ann. Section 58-5-220 and Commission regulation 103-520.
6. Standard accounting procedures will apply in determining the nature of any entry (e.g. entries of a reverse character will be indicated by a parentheses around the number).
7. The report will be filed consisting of data relative to a calendar year basis or the company's fiscal year, but not both.
8. If this report is made for a period less than the calendar year or fiscal year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where it is necessary to include the period covered. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
9. All instructions should be followed and each question should be answered fully and accurately. Sufficient answers are those in which no question or schedule has been overlooked. The expression "none" or "not applicable" should be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. In any instance where information called for is not given, the reason for its omission should be stated fully.
10. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.
11. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year; otherwise, an appropriate explanation of why different figures were used should be given.
12. One copy of the respondent's latest corporate annual report, if issued, should be submitted with this report. If the respondent is a member of a group, both the parent and subsidiary's corporate annual report should be submitted.

**GENERAL INSTRUCTIONS
(Continued)**

13. Throughout this report, money items will be rounded to the nearest dollar.
14. Failure to comply with the submission of the annual report may result in fines and/or loss of certification.
15. Separate notification is required for changes in company information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.
16. Use this form for a water utility ONLY! If your utility operates a wastewater system in addition to a water system complete a separate annual report for the wastewater system. **DO NOT COMBINE BOTH WATER AND WASTEWATER INFORMATION ON THE SAME FORM!**
17. Contact the Office of Regulatory Staff at (803) 737-0800 if you have questions about this form or the requirements for a water or wastewater utility.

Schedule 100. IMPORTANT CHANGES DURING THE YEAR

Provide written responses for each of the items listed below. Make the written statements clear and brief. A response must be given for each item. However, if the word "none" is an accurate response, it may be used as such. Similarly, if information is given elsewhere in the report which would serve as a response to an item, reference that information in the space provided.

1. Have you had changes or additions to franchise rights? If so, describe (a) the actual payment given in exchange for the franchise rights, and (b) from whom acquired. If acquired without payment, state that fact.

No

2. Have any of the following occurred -- acquisition of other companies, or reorganization, merger or consolidation with other companies? If so, give names of companies involved, details concerning the transactions, and reference to Commission authorization, including docket numbers.

No

3. Have any of the following occurred -- purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, or similar occurrences? If so, specify items, parties, effective dates and also reference the Commission authorization, including docket numbers.

No

4. Have any leaseholds been acquired, given, assigned, or surrendered? If so, give the effective dates, lengths of terms, names of parties, rents, Commission authorization, (docket numbers), if any, and other conditions.

No

5. Have there been any extensions of service territories? If so, include the Commission authorization (docket numbers), that give the location of the new service territory covered by distribution system and the dates of beginning operations. Give the number of customers by class; for each class, give the number of customers estimated with regard to annual revenues for the new territories.

No

6. What is the estimated increase or decrease in annual revenues due to rate changes, (cite docket numbers), and the approximate extent to which the increase or decrease is reflected in revenues for the reporting year?

Adjustment of Rates - Docket #2018-257-WS, Order #2019-288 Approved Apr 25, 2019

Revenue increased approximately \$365,000 and is reflected in revenues beginning in June.

7. Have there been any wage scale changes? If so, show the dates of changes, the effect on operating expenses for the year, and estimated annual effect of the wage scale changes on operating expenses.

No wage scale changes were made in 2019.

8. Have there been any obligations incurred or assumed by you, the respondent, as guarantor for the performance by another of any agreement or obligation -- excluding ordinary corporate bonds maturing on demand or not later than one year after date of issue? If so, give the Commission authorization, (docket number), if any No

9. Have there been any changes in articles of incorporation or amendments to charters? If so, explain the nature and purpose of these changes or amendments. Note any filing with the Commission.

No

10. Other changes not provided for elsewhere.

No

Schedule 110. DEFINITIONS

“Accounts” means the accounts prescribed in the NARUC System of Accounts.

“Amortization” means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

“Book Cost” means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

“Class A,” for water utilities means a utility having annual water operating revenues of \$1,000,000 or more.

“Class B,” for water utilities means a utility having annual water operating revenues of \$200,000 or more but less than \$1,000,000.

“Class C,” for water utilities means a utility having annual water operating revenues of less than \$200,000.

“Control” (including the terms; “controlling,” “controlled by,” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

“Cost” means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

“Debt Expense” means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

“Depreciation”, as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

“Distribution Mains” mean any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

Schedule 110. DEFINITIONS (Continued)

“Investment Advances” means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

“Minor Items of Property” means the associated parts or items of which retirement units are composed.

“Net Salvage Value” means the salvage value of property retired less the cost of removal.

“Nominally Issued,” as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

“Original Cost,” as applied to utility plant, means the cost of such property to the person first devoting it to public service.

“Property Retired,” as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

“Replacing or Replacement,” when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

“Retained Earnings” means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

“Salvage Value” means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

“Straight-Line Remaining Life Method,” as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and (accounts if used), and credited to the accumulated depreciation account through equal annual changes during its service life. "Remaining Life" implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

“Supply Main” means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

“Transmission Main” means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

“Utility,” as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 120. EXECUTIVE SUMMARY**1. IDENTIFICATION (legal title)**

PSC/ORS No.	_____ (leave blank)		Federal ID No.	_____
Check				
Business Structure & Indicate Date	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input checked="" type="checkbox"/> Corporation <u>FEB 1976</u>	
Name of Company:	<u>Kiawah Island Utility, Inc.</u>			
Doing Business As:	<u>Same</u>			
Street Address:	<u>31 Sora Rail Road</u>			
City:	<u>Kiawah Island</u>	State:	<u>SC</u>	Zip Code: <u>29455</u>
Mailing Address:	<u>31 Sora Rail Road</u>			
City:	<u>Kiawah Island</u>	State:	<u>SC</u>	Zip Code: <u>29455</u>
Telephone No. (Include Area Code):	<u>(843) 768-0641</u>			

(a) State whether any change was made in the name of the respondent during the year. If so, state the changes and the dates when they were made. None

(b) State whether the respondent is a firm or partnership. If a partnership, give the names of the partners and the proportion of their respective interests. Firm

(c) State the kinds of business, other than Water Utility, in which the respondent was engaged at any time during the year. If none, state that fact. Wastewater Utility

(d) Give the names and office addresses of the Board of Directors, if any, of the respondent at the close of the year, as well as the dates of expiration of their respective terms. If any person abandoned, resigned from, or was removed from a directorship during the year, give full details in a footnote. If the organization was a partnership, give the names of the partners and designate them as such.

Name of Director	Office Address	Term Begins	Term Ends
Rob MacLean	12535 Reed Road, Sugar Land, TX 77478	8/9/2018	
Ken Dix	1325 N. Grand Avenue, Suite 100, Covina, CA 91724-4044	3/9/2016	
Kirk Michael	12535 Reed Road, Sugar Land, TX 77478	3/9/2016	

Kiawah Island Utility, Inc.**FOR THE YEAR ENDED 2019**

(Company Name)

Schedule 120. EXECUTIVE SUMMARY (Continued)

(e) Give the titles of all officers of the respondent at the close of the year, the names of persons holding the offices at year end, and the date when each originally assumed the duties of the office. If any person abandoned, resigned from, or was ousted from any office during the year, give full details in a footnote.

Title of Officer	Name of Person Holding Office	Office Address	Date of Entry
Chief Executive Officer	Rob MacLean	12535 Reed Road Sugar Land, TX 77478	8/9/2018
Secretary/General Counsel	Ken Dix	1325 N. Grand Avenue, Suite 100 Covina, CA 91724-4044	3/9/2016
Chief Financial Officer	Kirk Michael	12535 Reed Road Sugar Land, TX 77478	3/9/2016
President	Craig Sorensen	728 Volare Drive Birmingham, AL 35244	3/9/2016
Director of Operations	Becky J. Dennis	31 Sora Rail Road Kiawah Island, SC 29455	4/1/1993

(f) Give the date of incorporation of respondent and the name of the state or territory under whose laws the incorporation was organized.

February 9, 1976 in South Carolina

2. CONTACT (for purpose of this report)

Contact Name: <u>Becky J. Dennis</u>			
Title: <u>Director of Operations</u>	Telephone: (843) 768-0641		
Email Address: <u>Bdennis@swwc.com</u>	Fax No.: (843) 768-1816		

3. MAILING ADDRESS (if different from above)

Mailing Address: <u>Same</u>			
City: _____	State: _____	Zip Code: _____	

CERTIFICATION

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name: Kirk Michael

Title: Chief Fiancial Officer

Signature: Kirk B. Michael

Date: 06/01/2020

F0ADDF14CDD6DE32A68CF40E25F682F1 contractworks.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 130. TECHNICAL SUMMARY**GENERAL INFORMATION**

Submit a copy of the Company's latest DHEC quality of service letter/report with this annual report.

PHYSICAL DESCRIPTION:

Description of water system: All water is purchased from St. Johns Water Co. which in turn purchases from Charleston Water System (CWS). During non-peak season extra water is stored in (2) aquifer storage and recovery systems for use in emergencies and for peak shaving.

Number of wells in use: (1) emergency backup Number of tanks in use/size: (2) 1 MG, (1) 2.5 MG

Raw water reservoir capacity: Not Applicable

Settling basins - number and size: Not Applicable

Equipment - description and make: Pumps include (3) 50 HP, (3) 100 HP, (1) 200 HP, and (2) 200 HP

High Service Pumps

70.5 miles of supply, transmission and distribution lines

Is fire protection provided by system? Yes

Number of fire hydrants in use: 499

Kind of Pipe (Cast Iron, Galvanized Iron, Coated Steel, etc.)	Diameter of Pipe (inches)	Beginning of Year (feet)	Removed/ Added (feet)	End of Year (feet)
Source of Supply				
Iron DI	16"	17,835		17,835
PVC	16"	16,390		16,390
Transmission & Distribution				
Ductile Iron	6"	14,648		14,648
Ductile Iron	8"	10,588		10,588
Ductile Iron	10"	3,834		3,834
Ductile Iron	12"	25,728		25,728
DI	16"	1,984		1,984
PVC	1 1/2"	1,315		1,315
PVC	2"	45,599		45,599
PVC	3"	3,521		3,521
PVC	4"	2,445	114	2,559
PVC	6"	34,916	145	35,061
PVC	8"	87,747	769	88,516
PVC	10"	38,708	54	38,762
PVC	12"	85,535	1473	87,008

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 130. TECHNICAL SUMMARY (Continued)

SERVICES AND METERS

Size and Description	Owned by Utility				Owned by Customers end of Year
	Beginning of year	Added	Retired or Abandoned	End of Year	
Meters in use and in stock					
5/8"	3222	68	36	3254	
3/4"	544	31	6	569	
1"	445	34	3	476	
1 1/4"	0			0	
1 1/2"	72	4	1	75	
1 3/4"	0			0	
2"	67	4	1	70	
other size	25	3	1	27	
Total Meters in use and in stock	4375	144	48	4471	
Meters in stock only - all sizes	7			23	
Services in use (feet)					
Iron pipe					
Lead and copper pipe					
Total services in use (feet)	4262	80		4342	
Services not in use (feet)					
Iron pipe					
Lead and copper pipe					
Total services not in use (feet)	647	3		570	
Total Services (feet)	4909			4912	

TREATMENT:Is water purified?: Yes

Method used (sedimentation, slow or fast sand filtration, chemical, aeration, or other):

ChemicalDimensions, sizes, and 24-hour capacities of sand filtration beds: Not ApplicableCoagulants used: Not ApplicableSterilization treatment used: ChlorinationIs water fluoridated? Yes, by vendorIs water softened?: NoMethod used: Not Applicable

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 130. TECHNICAL SUMMARY
(Continued)

SERVICE AREA AND CUSTOMER DATA:

Area and/or subdivisions served by water system: Kiawah Island, South Carolina

Total number of residential customers at the end of the fiscal or calendar year:	<u>3,706</u>
Total number of commercial & hotel customers at the end of the fiscal or calendar year:	<u>118</u>
Total number of industrial & all other customers at the end of the fiscal or calendar year:	<u>518</u>
Total number of customers at the end of the fiscal or calendar year:	<u>4,342</u>

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 200. BALANCE SHEET ASSETS AND OTHER DEBITS

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	UTILITY PLANT	
2	101 Utility Plant in Service (Schedule 201)	32,841,134
	101.A Donated and Other Non Rate Setting Assets	17,368,022
3	102 Utility Plant Leased to Others	1,921,989
4	103 Property Held for Future Use	
5	104 Utility Plant Purchased or Sold	
6	105 Construction Work in Progress	2,764,380
7	106 Completed Construction not Classified	
8	Total Utility Plant	54,895,525
9	ACCUMULATED DEPRECIATION	
10	108.1 Utility Plant-in-Service (Schedule 202)	(11,687,206)
	108.A Donated and Other Non Rate Setting Assets	(8,311,845)
11	108.2 Utility Plant Leased to Others	
12	108.3 Property Held for Future Use	
13	Total Accumulated Depreciation	(19,999,051)
14	ACCUMULATED AMORTIZATION	
15	110.1 Utility Plant in Service	(1,647,232)
16	110.2 Utility Plant Leased to Others	
17	Total Accumulated Amortization	(1,647,232)
18	UTILITY PLANT ADJUSTMENTS	
19	114 Utility Plant Acquisition (Schedule 203)	0
20	115 Accumulated Amortization of Utility Plant Acquisition (Schedule 203)	
21	116 Other Utility Plant	
22	Total Utility Plant Adjustments	0
23	TOTAL NET UTILITY PLANT	33,249,242
24	OTHER PROPERTY AND INVESTMENTS	
25	OTHER PROPERTY	
26	121 Non-Utility Property	
27	122 Accumulated Depreciation and Amortization of Non-Utility Property	
28	Total Other Property	0
29	INVESTMENTS	
30	123 Investments in Associated Companies	
31	124 Utility Investments	
32	125 Other Investments	
33	126 Sinking Funds	
34	127 Other Special Funds	
35	Total Investments	0
36	TOTAL OTHER PROPERTY AND INVESTMENTS	0

(Company Name)

Schedule 200. BALANCE SHEET (Continued)
ASSETS AND OTHER DEBITS

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	CURRENT AND ACCRUED ASSETS	
2	131.1 Cash on Hand	
3	131.2 Cash in Bank	85,055
4	132 Special Deposits (Interest and/or Dividends)	
5	133 Other Special Deposits	
6	134 Working Funds	
7	135 Temporary Cash Investments	
8	141 Customer Accounts Receivable	421,507
9	142 Other Accounts Receivable	
10	143 Accumulated Provision for Uncollectible Accounts-Credit	(1,053)
11	144 Notes Receivable	
12	145 Accounts Receivable from Associated Companies	
13	146 Notes Receivable from Associated Companies	
14	151 Plant Material and Supplies	
15	152 Merchandise	
16	153 Other Material and Supplies	9,087
17	161 Stores Expense	
18	162 Prepayments	1,710,776
19	171 Accrued Interest and Dividends Receivable	
20	172 Rents Receivable	
21	173 Accrued Utility Revenues	340,220
22	174 Miscellaneous Current and Accrued Assets	300
23	TOTAL CURRENT AND ACCRUED ASSETS	2,565,892
24	DEFERRED DEBITS	
25	181 Unamortized Debt Discount and Expense	0
26	182 Extraordinary Property Losses	
27	183 Preliminary Survey and Investigation Charges	
28	184 Clearing Accounts	
29	185 Temporary Facilities	
30	186.1 Deferred Rate Case Expense	373,081
31	186.2 Other Deferred Debits	17,936,899
32	186.3 Regulatory Assets	0
33	187 Research and Development Expenditures	
34	190.1 Accumulated Deferred Federal Income Taxes	0
35	190.2 Accumulated Deferred State Income Taxes	
36	190.3 Accumulated Deferred Local Income Taxes	
37	TOTAL DEFERRED DEBITS	18,309,980
38	TOTAL ASSETS AND OTHER DEBITS	54,125,113

Kiawah Island Utility, Inc.

(Company Name)

Schedule 200. BALANCE SHEET (Continued)
EQUITY CAPITAL AND LIABILITIES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	EQUITY CAPITAL	
2	201 Common Stock Issued	1,000,000
3	202 Common Stock Subscribed	
4	203 Common Stock Liability for Conversion	
5	204 Preferred Stock Issued	
6	205 Preferred Stock Subscribed	
7	206 Preferred Stock Liability for Conversion	
8	207 Premium on Capital Stock	
9	209 Reduction in Par or Stated Value of Capital Stock	
10	210 Gain on Resale or Cancellation of	
11	211 Other Paid-In Capital	19,201,555
12	212 Discount on Capital Stock	
13	213 Capital Stock Expense	
14	214 Appropriated Retained Earnings (Schedule 204)	
15	215 Unappropriated Retained Earnings (Schedule 204)	(193,632)
16	216 Reacquired Capital Stock	
17	218 Proprietary Capital (for proprietorships & partnerships only)	
18	TOTAL EQUITY CAPITAL	20,007,923
19	LONG-TERM DEBT	
20	221 Bonds (Schedule 205)	
21	222 Reacquired Bonds (Schedule 205)	
22	223 Advances from Associated Companies	
23	224 Other Long-Term Debt (Schedule 205)	19,669,858
24	TOTAL LONG-TERM DEBT	19,669,858
25	CURRENT AND ACCRUED LIABILITIES	
26	231 Accounts Payable	4,387,965
27	232 Notes Payable	
28	233 Accounts Payable to Associated Companies	(788,830)
29	234 Notes Payable to Associated Companies	
30	235 Customers' Deposits-Billing	
31	236.11 Accrued Taxes, Utility Operating Income, Taxes Other Than Income	
32	236.12 Accrued Taxes, Utility Operating Income, Income Taxes	15,292
33	236.2 Accrued Taxes, Other Income and Deductions	
34	237.1 Accrued Interest on Long-Term Debt	
35	237.2 Accrued Interest on Other Liabilities	
36	238 Accrued Dividends	
37	239 Matured Long-Term Debt	
38	240 Matured Interest	
39	241 Miscellaneous Current and Accrued Liabilities	706,543
40	TOTAL CURRENT AND ACCRUED LIABILITIES	4,320,970

(Company Name)

Schedule 200. BALANCE SHEET (Continued)
EQUITY CAPITAL AND LIABILITIES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	DEFERRED CREDITS	
2	251 Unamortized Premium on Debt	
3	252 Advances for Construction	
4	253.1 Other Deferred Credits, Regulatory Liabilities	711,384
5	253.2 Other Deferred Credits, Other Deferred Liabilities	
6	255.1 Accumulated Deferred Investment Tax Credits, Utility Operations	
7	255.2 Accumulated Deferred Investment Tax Credits, Non-Utility Operations	
8	TOTAL DEFERRED CREDITS	711,384
9	OPERATING RESERVES	
10	261 Property Insurance Reserve	
11	262 Injuries and Damages Reserve	
12	263 Pensions and Benefits Reserve	
13	265 Miscellaneous Operating Reserve	
14	TOTAL OPERATING RESERVES	0
15	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	
16	271 Contributions in Aid of Construction (Schedule 206)	17,368,022
17	272 Accumulated Amortization of CIAC (Schedule 207)	(8,311,845)
18	TOTAL NET CIAC	9,056,177
19	ACCUMULATED DEFERRED INCOME TAXES	
20	281 Accelerated Amortization	
21	282 Liberalized Depreciation	358,799
22	283 Other	
23	TOTAL ACCUMULATED DEFERRED INCOME TAXES	358,799
24	TOTAL EQUITY CAPITAL AND LIABILITIES	54,125,113

Kiawah Island Utility, Inc.**FOR THE YEAR ENDED 2019**

(Company Name)

Schedule 201. UTILITY PLANT-IN-SERVICE - Account No. 101

All amounts included in accts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	.1 INTANGIBLE PLANT					
2	301.1 Organization					
3	302.1 Franchises - Water Rights	1,921,989				1,921,989
4	339.1 Other Plant and Miscellaneous Equipment	0				0
5	Total Intangible Plant	1,921,989	0	0	0	1,921,989
6	.2 SOURCE OF SUPPLY AND PUMPING PLANT					
7	303.2 Land and Land Rights	3,468,252				3,468,252
8	304.2 Structures and Improvements	12,706,193			(30,422)	12,675,771
9	305.2 Collecting and Impounding Reservoirs					
10	306.2 Lake, River and Other Intakes					
11	307.2 Wells and Springs	46,756	135,465			182,221
12	308.2 Infiltration Galleries and Tunnels					
13	309.2 Supply Mains					
14	310.2 Power Generation Equipment					
15	311.2 Pumping Equipment	1,032,277	12,024		10,204	1,054,505
16	339.2 Other Plant and Miscellaneous Equipment	422,481			(5,281)	417,200
17	Total Source of Supply and Pumping Plant	17,675,959	147,489	0	(25,499)	17,797,949
18	.3 WATER TREATMENT EQUIPMENT					
19	303.3 Land and Land Rights					
20	304.3 Structures and Improvements					
21	311.3 Pumping Equipment					
22	320.3 Water Treatment Equipment					
23	339.3 Other Plant and Miscellaneous Equipment	1,378				1,378
24	Total Water Treatment Equipment	1,378	0	0	0	1,378
25	.4 TRANSMISSION AND DISTRIBUTION PLANT					
26	303.4 Land and Land Rights					
27	304.4 Structures and Improvements					
28	311.4 Pumping Equipment					
29	330.4 Distribution Reservoirs and Standpipes	1,267,526	10,495		62,794	1,340,815
30	331.4 Transmission and Distribution Mains	2,395,027	39,961		57,348	2,492,336
31	333.4 Services					
32	334.4 Meters and Meter Installations	122,626	1,595			124,221
33	335.4 Hydrants	243,327			41,513	284,840
34	336.4 Backflow Prevention Devices					
35	339.4 Other Plant and Miscellaneous Equipment	465,715	1,798			467,513
36	Total Transmission and Distribution Plant	4,494,221	53,849	0	161,655	4,709,725
37	.5 GENERAL PLANT					
38	303.5 Land and Land Rights					
39	304.5 Structures and Improvements					
40	340.5 Office Furniture and Equipment	115,693				115,693
41	341.5 Transportation Equipment	232,695		34,412		198,283
42	342.5 Stores Equipment					
43	343.5 Tools, Shop and Garage Equipment					
44	344.5 Laboratory Equipment					
45	345.5 Power Operated Equipment					
46	346.5 Communication Equipment					
47	347.5 Miscellaneous Equipment					
48	348.5 Other Tangible Plant					
49	Total General Plant	348,388	0	34,412	0	313,976
50	101 TOTAL UTILITY PLANT-IN-SERVICE	24,441,935	201,338	34,412	136,156	24,745,017

(Company Name)

Schedule 202. ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE
Account No. 108.1

Report below an analysis of the changes in accumulated depreciation during the year for each plant category.

Line No.	Depreciated Property Item (a)	Previous Year-End Balance (b)	Credits		Debits		Current Year-End Balance (g)
			Depreciation Expense (c)	Salvage and Other Credits (d)	Plant Retired (e)	Cost of Removal and Other Debits (f)	
	302 Water Rights	1,599,517	47,715				1,647,232
	303 Land and Land Rights	0					0
1	304 Structures and Improvements	2,414,252	284,204	946			2,699,402
2	305 Collecting and Impounding Reservoirs						
3	306 Lake, River, and Other Intakes						
4	307 Wells and Springs	18,125	5,368	5,278			28,771
5	308 Infiltration Galleries and Tunnels						
6	309 Supply Mains						
7	310 Power Generation Equipment						
8	311 Pumping Equipment	665,300	36,753	3,507		3,400	702,160
9	320 Water Treatment Equipment						
10	330 Distribution Reservoirs and Standpipes	419,615	31,026	6,020			456,661
11	331 Transmission and Distribution Mains	1,541,978	68,191	5,450			1,615,619
12	333 Services						
13	334 Meters and Meter Installations	90,134	4,345	548			95,027
14	335 Hydrants	169,238	7,301	2,998			179,537
15	336 Backflow Prevention Devices						
16	339 Other Plant and Misc. Equipment	473,300	54,013				527,313
17	340 Office Furniture and Equipment	96,621	5,287				101,908
18	341 Transportation Equipment	136,551	23,091		34,412		125,230
19	342 Stores Equipment						
20	343 Tools, Shop, and Garage Equipment						
21	344 Laboratory Equipment						
22	345 Power Operated Equipment						
23	346 Communication Equipment						
24	347 Miscellaneous Equipment						
25	348 Other Tangible Plant						
26	TOTAL ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE	7,624,631	567,294	24,747	34,412	3,400	8,178,860

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 203. UTILITY PLANT ACQUISITION ADJUSTMENT
Account Nos. 114 and 115

Line No.	Description (a)	Amount (b)
1	Net Plant Book Value	
2	Less: Net Contributions	
3	Total Net Utility Plant Acquired	0
4	Less: Purchase Price	
5	Total Utility Plant Acquisition Adjustment (Account No. 114)	
6	Less: Accumulated Amortization of Utility Plant Acquisition (Account No. 115)	
7	TOTAL NET UTILITY PLANT ACQUISITION ADJUSTMENT	0

Schedule 204. STATEMENT OF RETAINED EARNINGS
Account Nos. 214 and 215

Line No.	Account Number and Title (a)	Amount (b)
8	APPROPRIATED RETAINED EARNINGS	
9	Beginning of Year Balance	
10	436 Appropriations of Retained Earnings	
11	437 Dividends Declared - Preferred Stock	
12	438 Dividends Declared - Common Stock	
13	214 TOTAL APPROPRIATED RETAINED EARNINGS	0

14	UNAPPROPRIATED RETAINED EARNINGS	
1	Beginning of Year Balance	(708,020)
15	435 Balance Transferred from Income (Schedule 300)	(295,113)
2	439 Adjustments to Retained Earnings - Sewer Net Income	809,501
	439 Adjustments to Retained Earnings - Dividend	
16	215 TOTAL UNAPPROPRIATED RETAINED EARNINGS	(193,632)

17	TOTAL RETAINED EARNINGS	(193,632)
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Notes:

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 205. LONG-TERM DEBT - Account Nos. 221, 222, and 224
(Excluding Advances from Associated Companies)

Give below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the Company and group entries according to accounts and show the total for each account.

Line No.	Class and Series of Obligations (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Interest For Year	
						% Rate (f)	Amount (g)
1	Intercompany Loan Agreement No. 2060-01	06/01/18	05/17/48	19,669,858	19,669,858	4.570	898,913
2							
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4							
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28							
29							
30							
31	TOTAL LONG-TERM DEBT			19,669,858	19,669,858		898,913

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 206. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)
Account No. 271

Line No.	Description (a)	Amount (b)
1	Beginning of Year Balance	17,368,022
2	Credits Added During the Year:	
3	Contributions Received from Capacity, Main Extensions and Customer Connection Charges	
4	Contributions Received from Developer or Contract Agreements in cash or property	
5	Total Credits	0
6	Less: Debits Charged During the Year	
7	TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION	17,368,022

Schedule 207. ACCUMULATED AMORTIZATION OF CIAC
Account No. 272

Line No.	Description (a)	Amount (b)
8	Beginning of Year Balance	(7,926,586)
9	Debits Charged During the Year: Accruals Charged to Account 272	(385,259)
10	Other Debits Charged During the Year (specify):	
11		
12		
13		
14	Total Debits	(385,259)
15	Credits Added During the Year (specify):	
16		
17		
18		
19	Total Credits	0
20	TOTAL ACCUMULATED AMORTIZATION OF CIAC	(8,311,845)

21	TOTAL NET CONTRIBUTIONS IN AID OF CONSTRUCTION	9,056,177
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Schedule 300. INCOME STATEMENT REVENUES AND EXPENSES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	UTILITY OPERATING INCOME	
2	400 Total Utility Operating Revenues (Schedule 301)	7,540,573
3	UTILITY OPERATING EXPENSES	
4	401 Operating Expenses (Schedule 302)	5,896,513
5	403 Depreciation Expenses (Schedule 303)	519,579
6	406 Amortization of Utility Plant Acquisition Adjustments - Water Rights	47,715
7	407.1 Amortization of Limited Term Plant	
8	407.2 Amortization of Property Losses	
9	407.3 Amortization of Other Utility Plant	0
10	407.4 Amortization of Regulatory Assets	0
11	407.5 Amortization of Regulatory Liabilities	
12	408.10 Utility Regulatory Assessment Fee	
13	408.11 Property Taxes	329,272
14	408.12 Payroll Taxes	40,338
15	408.13 Other Taxes and Licenses	48,401
16	409.10 Federal Income Taxes, Utility Operating Income	42,647
17	409.11 State Income Taxes, Utility Operating Income	14,665
18	409.12 Local Income Taxes, Utility Operating Income	
19	410.10 Deferred Federal Income Taxes	282,317
20	410.11 Deferred State Income Taxes	84,894
21	410.12 Deferred Local Income Taxes	
22	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
23	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
24	412.11 Investment Tax Credits, Restored to Operating income, Utility Operations	
25	Total Utility Operating Expenses	7,306,341
26	TOTAL NET UTILITY OPERATING INCOME (LOSS)	234,232
27	OTHER OPERATING INCOME (LOSS)	
28	413 Income from Utility Plant Leased to Others	
29	414 Gains (Losses) from Disposition of Utility Property	1,602
30	Total Other Operating Income (Loss)	1,602
31	OTHER INCOME AND DEDUCTIONS	
32	415 Revenues from Merchandising, Jobbing and Contract Work	
33	416 Costs and Expenses of Merchandising, Jobbing and Contract Work	
34	419 Interest and Dividend Income	0
35	420 Allowance for Funds Used During Construction (AFUDC)	
36	421 Non-Utility Income	
37	426 Miscellaneous Non-Utility Expenses	
38	TOTAL OTHER INCOME AND DEDUCTIONS	0

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2019

(Company Name)

Schedule 300. INCOME STATEMENT (Continued)
REVENUES AND EXPENSES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	
2	408.20 Taxes Other Than Income, Other Income and Deductions	
3	409.20 Income Taxes, Other Income and Deductions	
4	410.20 Provision for Deferred Income Taxes, Other Income and Deductions	
5	411.20 Provisions for Deferred Income Taxes, Credit, Other Income and Deductions	
6	412.20 Investment Tax Credits, Net, Non-Utility Operations	
7	412.30 Investment Tax Credits Restored to Non-Operating Income, Utility Operations	
8	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUC.	0
9	INTEREST EXPENSE	
10	427.1 Interest on Debt to Associated Companies	530,947
11	427.2 Interest on Short-Term Debt	
12	427.3 Interest on Long-Term Debt	
13	427.4 Interest on Customer Deposits	
14	427.5 Interest - Other	
15	428 Amortization of Debt Discount and Expense	0
16	429 Amortization of Premium on Debt	
17	TOTAL INTEREST EXPENSE	530,947
18	EXTRAORDINARY ITEMS	
19	433 Extraordinary Income	
20	434 Extraordinary Deductions	
21	409.30 Income Taxes, Extraordinary Items	
22	TOTAL EXTRAORDINARY ITEMS	0
23	NET INCOME (LOSS)	(295,113)

Schedule 301. OPERATING REVENUES
Account No. 400

348

Line No.	Account Number and Title (a)	Current Year-End Balance (b)	Average Number of Customers (e)	Gallons of Water Sold (000) omitted (f)
1	WATER SALES REVENUE			
2	460 Unmetered Water Revenue			
3	460.1 Residential Customers			
4	460.2 Commercial Customers			
5	460.3 Industrial Customers			
6	460.4 Public Authorities			
7	460.5 Multiple Family Dwellings			
8	Total Unmetered Water Revenue	0		
9	461 Metered Water Revenue			
10	461.1 Residential Customers	4,236,053	3,686	489,922
11	461.2 Commercial Customers	915,265	114	116,334
12	461.3 Industrial Customers			
13	461.4 Public Authorities			
14	461.5 Multiple Family Dwellings			
	Hotel & Well	175,348	2	93,148
15	Total Metered Water Revenue	5,326,666		
16	462 Fire Protection Revenue			
17	462.1 Public Fire Protection	21,456	499	2,102
18	462.2 Private Fire Protection - FIRE LINES	5,127	40	0
19	464 Other Sales to Public Authorities			
	465 Sales to Irrigation Customers	1,917,186	460	290,549
20	466 Sales for Resale			
21	467 Interdepartmental Sales			
22	TOTAL WATER SALES REVENUES	7,270,435		
23	OTHER WATER REVENUES			
24	469 Guaranteed Revenues			
25	470 Forfeited Discounts			
26	471 Miscellaneous Service Revenues	14,888		
27	472 Rents from Water Property			
28	473 Interdepartmental Rents			
29	474 Other Water Revenues - TAP INS	255,250		
30	TOTAL OTHER WATER REVENUES	270,138		
31	400 TOTAL OPERATING REVENUES	7,540,573		

Schedule 302. OPERATING EXPENSES
OPERATION AND MAINTENANCE
Account No. 401

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	SOURCE OF SUPPLY EXPENSES	
2	601 Salaries and Wages - Employees	
3	610 Purchased Water	3,228,068
4	615 Purchased Power	147,618
5	616 Fuel for Power Production	
6	618 Chemicals	4,300
7	620 Materials and Supplies	58,732
8	631 Contractual Services - Engineering	
9	632 Contractual Services - Accounting	
10	633 Contractual Services - Legal	
11	634 Contractual Services - Management Fees	
12	635 Contractual Services - Testing	
13	636 Contractual Services - Other	
14	641 Rental of Building/Real Property	
15	642 Rental of Equipment	
16	650 Transportation Expenses	
17	658 Insurance - Workman's Compensation	
18	668 Water Resource Conservation Expense	
19	675 Miscellaneous Expenses	48,684
20	TOTAL SOURCE OF SUPPLY EXPENSES	3,487,402

21	WATER TREATMENT EXPENSES	
22	601 Salaries and Wages - Employees	
23	615 Purchased Power	
24	616 Fuel for Power Production	
25	618 Chemicals	
26	620 Materials and Supplies	
27	631 Contractual Services - Engineering	
28	632 Contractual Services - Accounting	
29	633 Contractual Services - Legal	
30	634 Contractual Services - Management Fees	
31	635 Contractual Services - Testing	
32	636 Contractual Services - Other	
33	641 Rental of Building/Real Property	
34	642 Rental of Equipment	
35	650 Transportation Expenses	
36	658 Insurance - Workman's Compensation	
37	675 Miscellaneous Expenses	
38	TOTAL WATER TREATMENT EXPENSES	0

Schedule 302. OPERATING EXPENSES (Continued)
OPERATION AND MAINTENANCE
Account No. 401

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	TRANSMISSION AND DISTRIBUTION EXPENSES	
2	601 Salaries and Wages - Employees	
3	615 Purchased Power	
4	616 Fuel for Power Production	
5	618 Chemicals	
6	620 Materials and Supplies	121,695
7	631 Contractual Services - Engineering	
8	632 Contractual Services - Accounting	
9	633 Contractual Services - Legal	
10	634 Contractual Services - Management Fees	
11	635 Contractual Services - Testing	
12	636 Contractual Services - Other	
13	641 Rental of Building/Real Property	
14	642 Rental of Equipment	
15	650 Transportation Expenses	10,571
16	658 Insurance - Workman's Compensation	
17	675 Miscellaneous Expenses	
18	TOTAL TRANSMISSION AND DISTRIBUTION	132,266
19	TOTAL OPERATION AND MAINTENANCE EXPENSES	3,619,668

Kiawah Island Utility, Inc.
(Company Name)

FOR THE YEAR ENDED 2019

Schedule 302. OPERATING EXPENSES (Continued)
CUSTOMER AND ADMINISTRATIVE AND GENERAL
Account No. 401

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	CUSTOMER ACCOUNTS	
2	601 Salaries and Wages - Employees	
3	615 Purchased Power	
4	616 Fuel for Power Production	
5	620 Materials and Supplies	43,552
6	631 Contractual Services - Engineering	
7	632 Contractual Services - Accounting	
8	633 Contractual Services - Legal	
9	634 Contractual Services - Management Fees	
10	635 Contractual Services - Testing	
11	636 Contractual Services - Other	
12	641 Rental of Building/Real Property	
13	642 Rental of Equipment	
14	650 Transportation Expenses	
15	658 Insurance - Workman's Compensation	
16	670 Bad Debt Expense	397
17	675 Miscellaneous Expenses	
18	TOTAL CUSTOMER ACCOUNTS	43,949
19	ADMINISTRATIVE AND GENERAL EXPENSES	
20	601 Salaries and Wages - Employees	598,617
21	603 Salaries and Wages - Officers, Directors, and Majority Stockholders	
22	604 Employee Pension and Benefits	117,014
23	615 Purchased Power	
24	616 Fuel for Power Production	
25	620 Materials and Supplies	39,160
26	631 Contractual Services - Engineering	1,418
27	632 Contractual Services - Accounting	13,824
28	633 Contractual Services - Legal	578,180
29	634 Contractual Services - Management Fees	626,088
30	635 Contractual Services - Testing	
31	636 Contractual Services - Other	0
32	641 Rental of Building/Real Property	
33	642 Rental of Equipment	
34	650 Transportation Expenses	
35	656 Insurance - Vehicle	
36	657 Insurance - General Liability	
37	658 Insurance - Workman's Compensation	(595)
38	659 Insurance - Other	39,114
39	660 Advertising Expense	
40	666 Regulatory Commission Expenses- Amort. Of Rate Case Exp.	
41	667 Regulatory Commission Expenses- Other	81,557
42	675 Miscellaneous Expenses	138,519
43	TOTAL ADMINISTRATIVE AND GENERAL	2,232,896
44	401 TOTAL OPERATING EXPENSES	5,896,513

(Company Name)

**Schedule 303. BASIS FOR DEPRECIATION CHARGES BY
PRIMARY ACCOUNTS
Account No. 403**

Line No.	Description of Property (a)	Original Cost (b)	Approved Depreciation Rates * (c)	Annual Depreciation (d)
	302 Water Rights	1,921,989	S/L Various Years	47,715
	303 Land and Land Rights	3,468,252	None	0
1	304 Structures and Improvements	12,675,771	S/L Various Years	284,204
2	305 Collecting and Impounding Reservoirs			
3	306 Lake, River, and Other Intakes			
4	307 Wells and Springs	182,221	S/L Various Years	5,368
5	308 Infiltration Galleries and Tunnels			
6	309 Supply Mains			
7	310 Power Generation Equipment			
8	311 Pumping Equipment	1,054,505	S/L Various Years	36,753
9	320 Water Treatment Equipment			
10	330 Distribution Reservoirs and Standpipes	1,340,815	S/L Various Years	31,026
11	331 Transmission and Distribution Mains	2,492,336	S/L Various Years	68,191
12	333 Services			
13	334 Meters and Meter Installations	124,221	S/L Various Years	4,345
14	335 Hydrants	284,840	S/L Various Years	7,301
15	336 Backflow Prevention Devices			
16	339 Other Plant and Misc. Equipment	886,091	S/L Various Years	54,013
17	340 Office Furniture and Equipment	115,693	S/L 5 Years	5,287
18	341 Transportation Equipment	198,283	S/L 5 Years	23,091
19	342 Stores Equipment			
20	343 Tools, Shop, and Garage Equipment			
21	344 Laboratory Equipment			
22	345 Power Operated Equipment			
23	346 Communication Equipment			
24	347 Miscellaneous Equipment			
25	348 Other Tangible Plant			
26	TOTALS	24,745,017		567,294

* Use Straight-line depreciation rates as approved by the Commission.
Do not use Tax Depreciation Rates.



May 28, 2020

Ms. Becky Dennis
Director of Operations
Kiawah Island Utility, Inc.
31 Sora Rail Road
Johns Island, SC 29445

Re: Kiawah Island Utility Wastewater and Drinking Water Systems
Wastewater System: ND0017361
Drinking Water System: 1010008

Dear Ms. Dennis,

The last DHEC Compliance Evaluation Inspection of the Kiawah Island Utility Wastewater Treatment System was last conducted on March 15, 2018. The DHEC report indicated that wastewater was meeting all applicable requirements.

The last DHEC Sanitary Survey Evaluation of the Kiawah Island Utility drinking water system was last conducted on February 22, 2019 and was rated an overall Satisfactory.

If I can be of further assistance, please let me know.

Sincerely,

Ashley Auerbach
SCDHEC
Charleston BEHS